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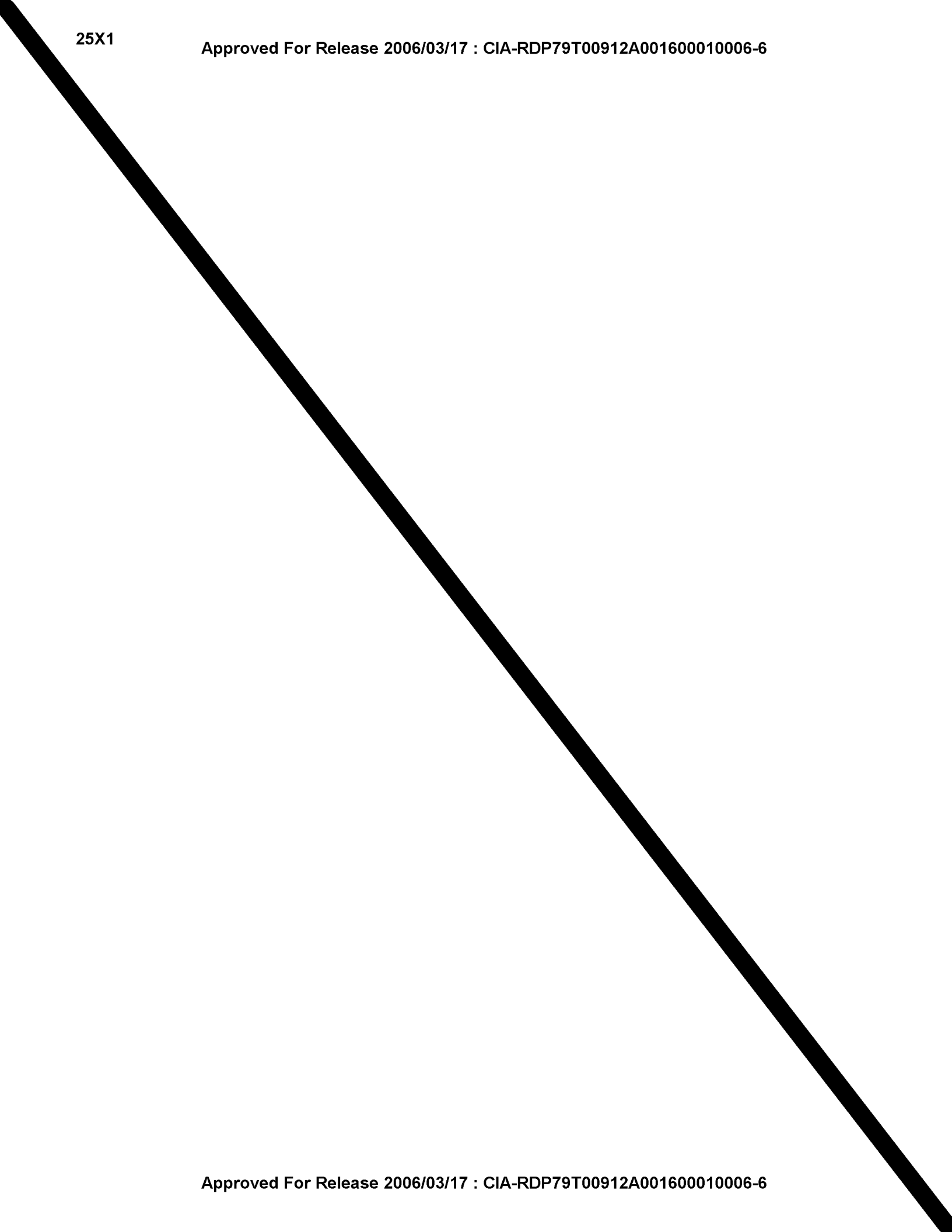

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WESTERN EUROPE REVIEW

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Italy: Reemerging Divisions Within the Christian Democratic Party

In Italy, the early fall is traditionally a time for political reconnaissance. Party leaders launch a series of trial balloons and reevaluate their tactics in preparation for the serious maneuvering that always follows Parliament's opening in September. The process is nowhere more evident than in the Christian Democratic Party, which is clearly engaged in a reassessment of its relationship with the Communists. Most Christian Democrats seem agreed that the present governing arrangement, which involves formal Communist parliamentary support, must be maintained for the time being. But there is no consensus on the next step in the party's relations with the Communists. The resulting debate has produced a wide range of Christian Democratic positions, reflecting varying degrees of receptivity or hostility toward the notion of eventual Communist entry into the government.

During the governmental crisis last December, Aldo Moro reconciled reluctant Christian Democrats to Communist entry into the parliamentary majority by stressing the lack of alternatives, given the Socialist Party's refusal to support the government alone. Moro sidestepped the issue of the Communists' democratic credentials and argued that the stalemate could be resolved only by establishing a cooperative/competitive relationship between the country's two largest parties, at least for a limited emergency period.

Moro's kidnaping and murder in conjunction with a number of other developments--especially the Socialist gains and Communist losses in the May local elections--began to alter Christian Democratic attitudes perceptibly by casting doubt on the assumption that electoral dynamics were working in favor of Communist chief Berlinguer's strategy of "historic compromise." Christian Democrats, uncomfortable with Moro's legacy, were emboldened, moreover, by tentative signs that Socialist chief Craxi was interested in eventually reviving some form of governmental partnership with their party.

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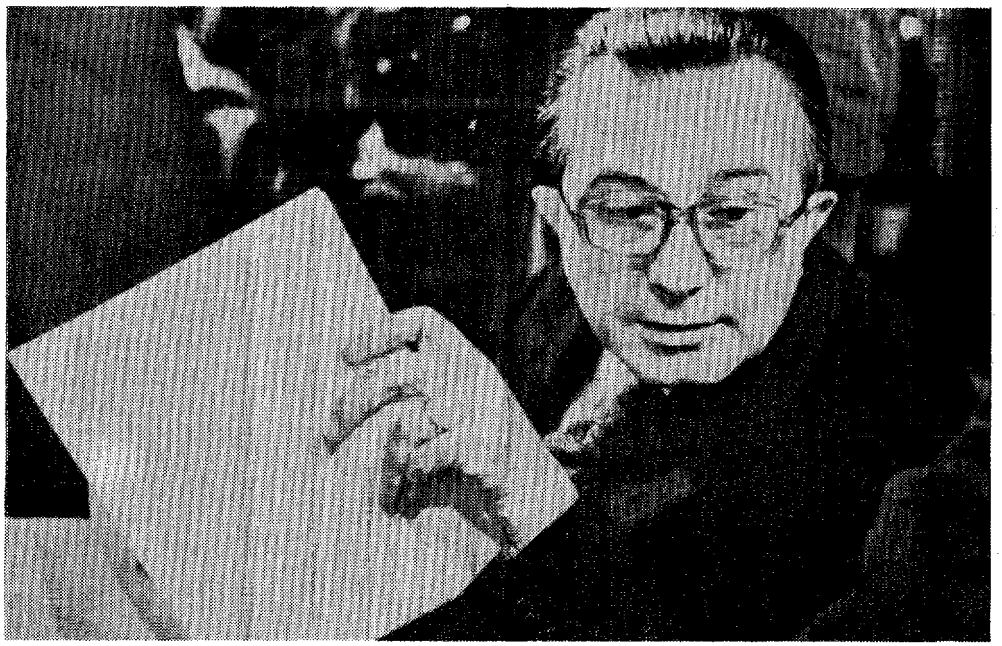
Reflecting the increasingly uncertain political climate in the aftermath of the Moro affair and lacking a clearly articulated alternative, the Christian Democrats opted for a show of unity at their National Council meeting last summer. The party submerged its nascent divisions in a general agreement calling for the continuation of the current government--including Communist support--for the "foreseeable future." But two distinct interpretations of this position were apparent. Some Christian Democrats supported Moro's line as the only way to resolve simultaneously Italy's crises and encourage the Communists' democratic evolution; other Christian Democrats refused to admit the possibility of such an evolution and were willing to accept an extension of the governing arrangement only until the Christian Democrats could pursue another option, possibly by renewing their dialogue with the Socialists.

The Evolving Debate

Attacks on the Communists this summer by Socialist leader Craxi helped bring out the divisions within the Christian Democratic Party. By dwelling on the incompatibility of "Leninism" and pluralistic democracy, Craxi challenged a further expansion of the PCI's role in government on ideological grounds. Communist Secretary Berlinguer's recent strong reaffirmation of his party's loyalty to certain aspects of Leninism--ties to the USSR and democratic centralism--also helped focus Christian Democratic views. Although Christian Democratic differences on the Communist question are at this point neither clearcut nor definitive, recent statements by three key leaders probably reflect the major outlines of the internal party debate.

Prime Minister Giulio Andreotti remains the most vocal advocate of a close relationship with the Communist Party. He insists that the renewed emphasis on the Communists' ideological position--rather than on their practical attitudes and achievements--is irrelevant. Andreotti asserts that the current governing arrangement, if continued, has the potential to achieve the long-range objectives of unique, pragmatic solutions to Italy's



Prime Minister Andreotti

problems and the further democratization of the Communists. The Prime Minister even speculates that the PCI might be prepared to participate directly in the government by the end of the current legislature in 1981.

Christian Democratic Secretary General Benigno Zaccagnini and his followers within the party leadership have adopted a more cautious attitude. They welcome the renewed scrutiny of the Communists' democratic credentials as a way of forcing the Communists to clarify party positions on a number of issues they prefer to avoid. Zaccagnini contends that an ideological revision must accompany--and can facilitate--the PCI's adoption of moderate and cooperative stands on practical matters. Though not articulating an alternative, these Christian Democrats also look beyond the current governing arrangement, cautioning that the emergency period must be limited and should not be viewed as leading automatically to a governing role for the Communists.

For his part, Senate President Amintore Fanfani appears to be moving back toward the tough anti-Communist line he pursued several years ago as Christian Democratic Party leader. He urges the Christian Democrats to state

their strategy as clearly as Berlinguer has and to pursue it actively. Fanfani accuses the current Christian Democratic leadership of using various "magic words" to conceal what amounts to a "policy of collaboration" with the Communists. Still, Fanfani acknowledges the necessity of a limited degree of cooperation with the Communists, providing it does not preclude the pursuit of an alternative option--such as improved relations with the Socialists. The Senate President also anticipates the end of the current government and advises his party to prepare for its next step. Fanfani makes no specific recommendations, but clearly anticipates an important role for himself.

These Christian Democratic divisions are beginning to have an impact on the party's internal life as the various factions initiate probing maneuvers to gauge degrees of support and opposition. The process was apparent in the Christian Democrats' recent election of a party whip for the Chamber of Deputies. The candidate of the Zaccagnini leadership group was Giovanni Galloni, a secretariat member who has acquired a reputation as a link to the Communists and who played a key role in negotiating the PCI's entry into the parliamentary majority. Galloni was opposed by a coalition of potential dissidents ranging from suporters of Fanfani and the moderate Dorotei faction, to members of the far right and left wings of the party. He was elected only after an

Zaccagnini (l) with Fanfani

agreement was reached which assured that he would be succeeded as deputy secretary of the party by Carlo Donat-Cattin, a leftwing faction leader who is nevertheless a vocal opponent of cooperation with the Communists. Although the battle lines and issues are not yet clearly drawn, it is apparent that groups contending over the "Communist question" have reached a stalemate in their first encounter and are likely to tangle again before long.

In these circumstances, government programs could easily get caught in the crossfire between Christian Democrats favoring cooperation with the Communists and those opposing it. Those who take a positive view of the current governing arrangement will be looking for ways to demonstrate that it can achieve tangible program objectives. Galloni could play a key role in his parliamentary leadership position if he is able to use his rapport with the Communists to forge legislative agreements on sensitive issues.

Those opposing expanded cooperation with the Communists will probably seek to create obstacles for and highlight the failures of the government. Such a tactic would have more impact if this group can reinforce its actions through coordination with the Socialists and other small parties. Donat-Cattin could play a decisive role in the party hierarchy by successfully obstructing or channeling Christian Democratic initiatives.

Outlook

Despite the resurgence of divisions within the Christian Democratic Party over future strategy, no one is prepared to jettison an apparently useful governing formula in the absence of a more clearly defined political picture and a more workable alternative. On the contrary, Christian Democrats are likely to view the existing governing arrangement as a testing ground that might help and limit the alternatives they are considering in anticipation of the party congress slated for February--when they may be better prepared to reaffirm or disregard the party's current leadership and strategy.

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France: Recent Byelection Results

The defeat of progovernment candidates by the left opposition in five recent parliamentary byelections reflects, as do recent polls, considerable uneasiness and skepticism in France over the effectiveness of the government's economic policies. Although the results bolster Socialist morale, they do not erase the government's comfortable parliamentary majority, and the left is no closer to resolving the problems that caused its electoral defeat last March.

The byelections were held because of a constitutional court decision that cited voting irregularities as the reason for invalidating five close contests held last spring. The incumbents included one Communist, two Socialists, one Gaullist, and one Radical.

Although local considerations were important in each case, the elections showed that the Socialist Party, freed from the shackles of the defunct Common Program, can make strong gains at the expense of the Communists and win back centrist votes lost in the March legislative election. The Socialists averaged 33.6 percent of the total votes cast in the first round of the byelections compared to 25.8 percent in the same districts in March, whereas the Communists dropped 1.3 percent to a low of 18.5 percent. (In March, the Communists nationally trailed the Socialists much more closely in the first round--20.6 to 22.6 percent.) The Communists lost in the byelections because their voters, usually the most disciplined, either abstained or voted for the Socialists in the first round.

The Communist leadership does not seem ready to accept the lessons implied by the vote. Polls indicate that 50 percent of the Communist electorate believes that the Communist Party was the chief loser in the March election. Yet, the Communist leadership continues to assert that the Socialist Party alone is to blame for the left's defeat. The leadership has announced, however, that it will undertake a sociological study of the Communist electorate and that the question will be an important

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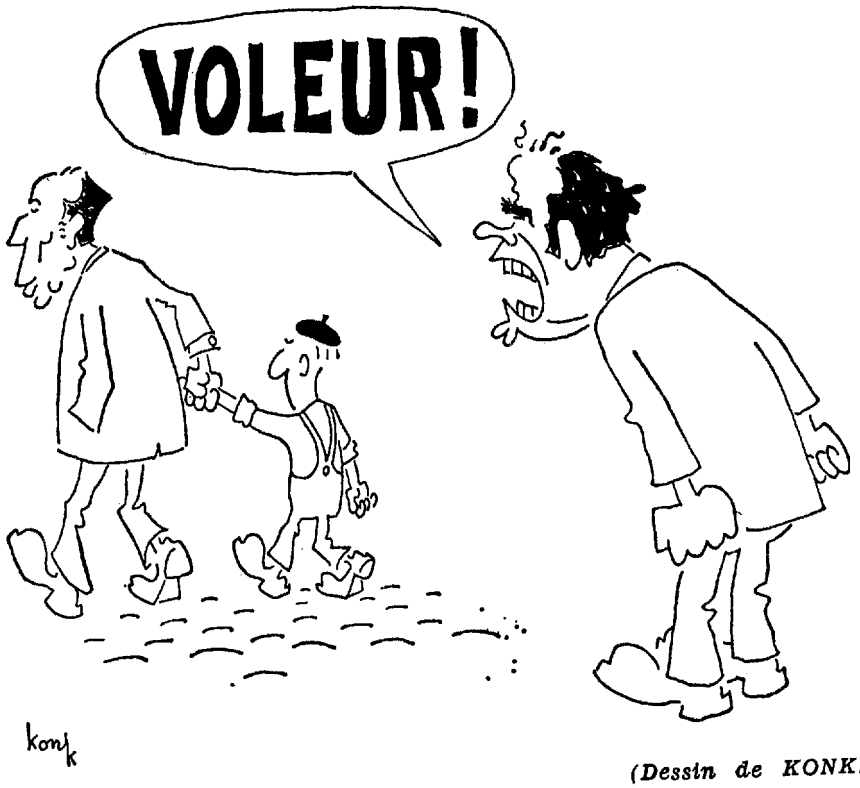

(Dessin de KONK.)

Communist leader Marchais shouts "thief" as Mitterrand walks off with the worker vote

item on the agenda of the party congress, which has been postponed until mid-May. But there are no signs that it intends to let up on its polemics with the Socialists.

The Socialist Party's success in the byelections comes at a time when Socialist leader Francois Mitterrand's stock in the country has fallen sharply. Only 35 percent of the French now think he would be a good opposition presidential candidate. This suggests that the party--so long primarily a vehicle for Mitterrand's presidential ambitions--is acquiring an identity independent of its leader. The vote has thus undoubtedly intensified the succession struggle now going on within the party.

Meanwhile, Socialist strategy appears to be to adopt a more independent approach designed to undermine Communist strength. Interpretations of the strategy vary. Mitterrand has recently been taking a somewhat simplistic,

semi-Marxist line--probably to appeal to the Communists and CERES--while his emerging rival Michael Rocard continues his pleas for modernity in economic policy and a "more democratic" style of party leadership. The recent decision to postpone the designation of the party's 1981 presidential candidate from June until October 1979 is a clear reflection of the leadership struggle, in which ideological semantics barely mask personal ambitions.

The main significance of the byelections, therefore, lies in their effect on the relationship between the two partners of the left and between the two components of the governing coalition. The strong Socialist gains and the continuing decline of the Communists should further embitter relations between the two parties, if possible. On the center right, the Gaullists blame Prime Minister Barre's economic policy, as well as President Giscard's "opening to the left," for their losses; the Gaullists have probably never been unhappier in the governing coalition then they are now, but their room for maneuver is extremely limited.

Recent opinion surveys also carry warnings for the government. The polls again show a majority preference for the left (53 versus 44 percent) while suggesting that popular discontent with government economic policies has begun to affect President Giscard's standing. The percentage of individuals satisfied with Giscard dropped from 56 percent in July to 50 percent in the latest poll--the lowest the President has scored in a year.

Such polls and the byelection results help fuel the idea that it was not really the center right that won the March elections but the left that lost them, and that a potential leftist majority still exists in France. There were no national stakes in the byelections, however, and the left is no closer to working out the difficulties that prevented it from winning the election in March. The government appears to have a certain breathing period to implement unpopular economic policies, before new elections (cantonal elections in March 1979, European parliamentary election in June 1979, presidential election in 1981) introduce their own pressures. [redacted] 25X1

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Canada: Impending Byelections

With a general election less than a year away, the mood of the Canadian electorate will be tested on 16 October when 15 byelections will be held to fill vacant seats in the House of Commons. The three major parties realize the symbolic value of these elections and are campaigning vigorously. The Liberal Party majority in the current Parliament will not be affected, whatever the results.

October byelections seemed a joke when first called last March because everyone expected them to be overtaken by general elections. Prime Minister Trudeau repeatedly postponed national elections, however, because all the portents pointed to a Liberal Party loss. Now the by-elections will be seen as a preliminary test of Canada's political waters before Trudeau's mandate runs out next July.

The primary issues worrying the electorate are the sluggish state of the economy and Trudeau himself. In an effort to spur the lethargic economy, Trudeau announced in late summer a series of measures designed to cut federal spending, fight inflation, and promote job creation. But the various parts of the program were poorly introduced. Initial editorial reaction generally classified them as a preelection ploy designed to manipulate the public into supporting the Liberals. If so, the ploy was a failure. The public has yet to evince much enthusiasm for the package.

The secondary issue--Trudeau himself--runs like a thread through everything else. Private party polls show significant voter dislike and distrust of the Prime Minister at the same time that they consider him to be the most able leader on the national scene. (The latter reflects opposition Progressive Conservative leader Joe Clark's continuing image problem. He is an unknown factor with little charisma.) The Conservatives and the distant third-place New Democratic Party are attacking Trudeau's

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credibility and, advancing economic programs of their own, while pointing out that the current economic problems developed under the present government.

More important to Liberal hopes than the number of seats won will be their location. Private Liberal polls have been showing a downturn of the party's popularity in southern Ontario, a region--along with Quebec--critical to Liberal success in any general election. After the last election, the party held four of the five seats now vacant in Toronto and is confident of retaining only one this time around. A poor showing will be a blow to Liberal morale and Trudeau's prestige within the party.

The Liberals may have good reason to worry. Voters across Canada seem disposed to oust incumbent governments. The September upset in Nova Scotia, where the Liberal party unexpectedly lost heavily to the Conservatives, is the most recent example. A delighted Joe Clark claimed it reflected a countrywide move to his party, while Trudeau denied that national implications could be drawn. Although provincial elections only rarely reflect national issues, the trend has understandably made the Liberals nervous and heartened the opposition. Furthermore, although all parties profess little faith in poll results, the Liberals can scarcely be happy that the Gallup poll released in early October now shows the Conservatives ahead in every province except Quebec.

Whatever happens in the byelections, the Liberals will continue to hold their majority in Parliament. They worry, however, that the antigovernment vote--customarily more vigorous in byelections--will be even stronger than expected. The psychological effects, so close to a general election, could be hard to overcome.

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West Germany - Japan: Toward a New Partnership

> "In our country, the slogan is valid to this day: 'Let us learn from the Germans.' We still consider Germany an important partner." (Prime Minister Fukuda before the Bonn economic summit of July 1978.)

The expansion in contacts between West Germany and Japan over the past few months suggests that both countries are moving toward a wider framework for cooperation on a variety of international issues. Both countries share common concerns on a number of problems--currency stability, protectionism, and global economic growth. And their interaction has been stimulated by their belief that the other major Western powers--chiefly the US--have been unable to deal effectively with these issues.

Although more willing than in the past to pursue their own economic goals despite international criticism, both Bonn and Tokyo have avoided action that would imply the existence of a common front against the US--the primary catalyst for and the major constraint on closer substantive coordination between the two countries.

The Schmidt Visit

Chancellor Schmidt and Prime Minister Fukuda, in the course of Schmidt's visit on 10-13 October, are certain to find that they hold common views on a wide range of economic and political issues. Trade and monetary issues will be foremost on the agenda, but a discussion of changes on the US role in Europe and Asia will figure prominently. The two leaders will also discuss the Soviet military threat in Europe and Asia and the current state of play of relations among China, the USSR, West Germany, and Japan.

The West Germans are obviously using Schmidt's visit to demonstrate Bonn's recognition of Tokyo's status as a

regional power in East Asia and Japan's important role in West German foreign policy. For Japan, the visit symbolically marks the further West German acceptance of Japan as a political as well as economic equal with important ties to West Europe. Both Schmidt and Fukuda believe the visit will pay some domestic dividends and will underscore internationally the confident style with which each is managing his country's political and economic affairs.

Schmidt's visit to Japan highlights the increasing importance Bonn attaches to good relations with Tokyo. Although no major agreements will result, both sides can be expected at the minimum to call attention to the extensive ties that already exist between the two countries. Bonn in particular is looking for closer political and economic cooperation that would cap the "year of Japan" atmosphere in West Germany.

Although consultations between the two countries' Foreign Ministers began in 1967, neither Bonn nor Tokyo went much beyond pro forma contacts; until the early 1970s, the focus in bilateral relations remained on the trade issue. Indeed, both countries thought little of common policy initiatives since their main interests were in their relations with the US.

The energy crunch of 1973-74 was probably the most important factor to jolt that perspective. West Germany imports about 60 percent of its energy and petrochemical needs, while Japan imports about 90 percent of its requirements.

The energy question brought a sense of urgency to bilateral efforts to foster scientific and technical contacts then under way; it also accelerated the conclusion of a bilateral scientific and technical cooperation agreement. The agreement, which was signed in October 1974 in Tokyo, covers a host of technical subjects, but is essentially keyed to energy research and the development of nuclear-generated electricity. In mid-1976, the West Germans and Japanese signed a second, broader agreement on scientific and technical cooperation between the two countries.

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A US Angle

The perception of common interest in the energy question was reinforced in early 1977 when US nonproliferation policy provoked objections from Bonn and Tokyo about its impact on West German and Japanese programs to develop a complete nuclear fuel cycle. The US initiatives were interpreted widely in West Germany and Japan as a deliberate effort by the US to impede the development of fast breeder reactors and spent fuel reprocessing, which Bonn and Tokyo were counting on to meet future energy needs.

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The West Germans and the Japanese have continued to share their overall nuclear power goals. In April 1978, during West German President Walter Scheel's visit to Tokyo, he and Fukuda made a strong pitch for active bilateral cooperation on energy policy, with a major role accorded nuclear-generated power.

Bonn and Tokyo, however, have little in common in their approaches to conventional energy policy. Because Japan's reliance on imported oil far exceeds West Germany's, Tokyo has been far more sensitive to reducing its vulnerability to another supply disruption than has Bonn. Tokyo has been aggressively pursuing oil supply agreements with oil-producing countries and is implementing government-sponsored oil storage programs.

Bonn has played down supply agreements and stockpiling in preference to using higher energy costs to achieve energy conservation. Unlike Tokyo, Bonn has also implemented several measures to spur conservation in the residential sector where it believes the greatest energy saving potential exists; Japan has dragged its feet on a conservation bill approved by the cabinet in May 1978.

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A Step Forward

West German Foreign Minister Genscher's visit to Japan in October 1977--the most candid on record--was perceived by both sides as an important step forward in promoting closer West German - Japanese relations. In economic matters, in particular, the visit revealed that West Germany and Japan held remarkedly similar views on international issues.

Although there had been growing recognition in both capitals that economic issues could cause serious differences in Bonn's and Tokyo's relations with the US, neither West Germany nor Japan anticipated the sharp depreciation in the US dollar nor the extent of its impact on their economic relations with the US. At the October session, Genscher and then Japanese Foreign Minister Hatoyama voiced deep concern about the disturbing rise in protectionist sentiment in the US and elsewhere.

Since the Paris economic summit of October 1975, both countries have actively participated in multilateral efforts to deal with these issues. At the same time, however, they have voiced concern that the depreciation in the dollar threatens to undercut progress in other economic problem areas, such as multilateral trade negotiations, to the detriment of West Germany and Japan.

During Scheel's April 1978 visit, problems of the world economy dominated the discussions; the accent once again was on the growth of protectionism and the continuing dollar problem. Scheel and Fukuda, whose currencies were rising fastest against the dollar, laid heavy stress on the need to overcome the "unrest" caused by the international currency situation.

Japanese Minister of State Nobuhiko Ushiba--a key figure in trade affairs who had met in January with senior West German officials in Bonn to discuss international economic and bilateral questions--again visited Bonn in April 1978 as part of a broader EC consultation trip. Ushiba again emphasized Tokyo's position that the decline of the US dollar had in effect nullified Japanese economic stimulation measures and would continue to do so unless remedial actions were taken.

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Schmidt agreed and added that West Germany would not take part in an effort to put pressure on the Japanese. He reiterated this pledge to Fukuda on the eve of the Bonn summit. The Japanese, who were concerned about West European criticism of Tokyo's policies at the summit, had actively lobbied for that kind of commitment. There were also talks in May between Ushiba and West German Economics Minister Otto Lambsdorff in Hamburg and between West German and Japanese economic specialists in Tokyo.

Subsequent bilateral contacts, including meetings between Schmidt and Fukuda at the Bonn summit, indicated that Bonn and Tokyo had decided to resist further US pressures at the summit without some commitment from Washington on pending energy and inflation measures. At the Bonn summit, Schmidt and Fukuda repeated their longstanding contentions that exchange rate instability is primarily a "dollar problem" soluble only in Washington. Schmidt, however, rebuffed Fukuda's request to line up West European support to press the US to engage in more active intervention in support of the dollar, stating that the dollar problem could only be solved by fundamental policy action on energy and inflation on the part of the US.

Security Issues

Although international economic questions continue to dominate West German and Japanese relations, general foreign policy and security issues have become a topic of greater attention in bilateral talks. The West Germans were the first to break the ice on security and disarmament topics during Genscher's visit to Tokyo last year. At that time, Genscher voiced Bonn's concern about the growth of Soviet military strength in Europe and Asia as well as provided an in-depth review of West Germany - Soviet relations. The Japanese, in turn, expressed their concerns about the changes in the US presence in Asia. Both sides underscored their interest in the degree of US resolve to maintain its commitments abroad.

The West Germans came away from the Tokyo talks impressed by Japan's greater willingness to discuss general security topics than had been the case two or three years earlier. The Japanese Government has nurtured a broader

public discussion of defense and security topics over the last few years--an effort that may well have been reflected in Tokyo's attitudes during the bilateral talks.

Both the West Germans and the Japanese used the Scheel visit last April to update views on these and other issues. Both sides emphasized publicly the importance of bilateral ties with the US and stressed the continuing need for close cooperation among West Germany, Japan, and the US. In addressing the Japanese perception of US Asian policy, Foreign Minister Sonoda pointed to the prospect of a larger role for West Europe and West Germany in Southeast and East Asia.

Bonn and Tokyo were careful not to comment publicly on relations with China, although the impact of their respective relations with Peking on Moscow was almost certainly a prime topic in the talks. The West Germans, always sensitive to the press play the Chinese connection provokes in Moscow, took care to minimize Sino-Soviet tensions.

West German and Japanese officials clearly viewed the Scheel visit as another important step toward closer relations. Beyond their general satisfaction with the talks, the two sides viewed the visit as further confirmation of their shared perceptions.

Defense Matters

Bonn and Tokyo have long been comfortable with their defense relationships with the US and frequently have acknowledged their dependence on their alliances. As such, the visit to Bonn by the Japanese Defense Agency Director General Shin Kanemaru in June--the first official visit of a Japanese Defense Minister to Germany--represented an opportunity for both sides to exchange views on defense matters.

A senior West German military officer in the Defense Ministry told US Ambassador Stoessel that the visit underscored the mutuality of interests in security questions between West Germany and Japan, and between Japan and NATO. According to Kanemaru, the West Germans wanted to reopen "working-level" talks on technological cooperation and joint studies on defense topics.

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For their part, the West Germans encouraged the Japanese to think in terms of a greater role for Japan in Asian defense matters. Defense Minister Apel, in his talks with Kanemaru, suggested the Japanese make greater defense outlays, noting that West Germany allocated a much larger percentage of its gross national product to defense than did Japan. Mirroring the government's attitude, the West German press has since likewise struck the theme that Japan could and should contribute more to its own defense.

Outlook

The Schmidt visit is likely to provide further impetus for expansion of ties between West Germany and Japan in the months ahead, particularly if Schmidt and Fukuda maintain control of their perspective governments. Both men believe that:

-- Inflation is the key problem facing industrial societies.

-- International monetary stability is a prerequisite to global economic progress.

-- Nuclear energy will play a key role in meeting future energy needs.

-- Their countries should shoulder important regional responsibility.

In the economic realm, Bonn and Tokyo will continue to encourage cooperative ventures by private firms of the two countries in bidding on major projects abroad, although economic rivalry could well become a more pronounced disruptive factor if West German firms expand their market share in Asia. In Europe, West German firms already are facing stiff competition from Japanese firms in the EC market and probably will lobby hard in Bonn to protect their interests. Both countries, however, will probably rely on each other where possible as an interlocutor in the developing countries.

On energy issues, both West Germany and Japan will almost certainly engage in more joint efforts with non-US

partners. The agreement signed earlier this year among West Germany, Japan, and France for cooperative work on nuclear liquid metal fast breeder reactors is a good example. The Japanese would have preferred a US company as a partner, but went to the West Europeans because of uncertainty about US policy.

There will be some pressure from the major political parties, at least in West Germany, to press for closer bilateral ties. In West Germany, the governing Social Democratic - Free Democratic coalition has been the prime mover for better contacts, which fit well with efforts by the conservative opposition Christian parties to solidify the China connection. The Christian parties have had a working relationship with the Japanese Liberal Democrats since at least 1975.

US foreign policy will continue to serve in part as a catalyst for closer consultations. Both countries are determined to become as energy independent as possible and will continue to press for development of nuclear energy technology for domestic power needs and for sale abroad.

West Germany remains adamant about the need to restore international monetary stability. Tokyo is, however, concerned about Schmidt's proposed European Monetary System. The Japanese worry that the new currency union, by shifting speculative activity away from the West German mark toward the Japanese yen, will result in even further appreciation of the yen against the dollar. Although Fukuda publicly supports the system, the Prime Minister will want to sound out Schmidt on his plans for the proposed currency union and its relationship with the yen and the dollar. [redacted] 25X1

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NATO Turns Its Attention to the Far East

During the past several weeks NATO officials have begun to turn their attention to the future direction of NATO's policies toward Asia. The issue will probably become increasingly important in the weeks ahead and could provoke controversy within the Alliance. A paper concerning the USSR-Japan-China relationship is currently being drafted in the NATO Political Advisory Group, and Secretary General Luns has proposed that the question be addressed at the next meeting of the North Atlantic Council.

To date, discussions at NATO have focused on relations with Japan. In general, the United States has encouraged more Japanese contact with the Alliance while taking note of the sensitivity of the question. Some NATO members--notably France, Canada, and Norway--are less enthusiastic. They fear that greater contact between NATO and Japanese defense officials might lead eventually to the establishment of formal institutional links.

Although the notion is vague, Japan is unlikely to seek such an arrangement in the foreseeable future; many West Europeans will remain cautious. The Alliance has only begun to consider the long-term significance of the recent Sino-Japanese Friendship Treaty and to focus on the question of future arms sales to China. Under these circumstances, contacts with and statements by Japanese spokesmen, however innocent, are likely to receive close scrutiny by NATO members, and the possibility of misinterpretation is great. Recent comments in Bonn by the Japanese Defense Minister to the effect that there must be more general coordination of the defense of the world's democratic nations may thus have struck a sensitive nerve in some capitals.

A recent series of events at NATO showed clearly the extent to which West European sensitivities might be aroused. On 18 September a visiting delegation of

Japanese Defense Ministry specialists was briefed on NATO command, control, and information systems and conversion of military installations from a peacetime to a wartime footing. This briefing was conducted at a confidential level, as had been tacitly agreed at the 14 September meeting of the Defense Planning Committee.

The French Ambassador to NATO, Jacques Tine, was absent from that meeting. At the permanent representatives' lunch on 26 September, well after the visit, Tine voiced strong objections. He expressed concern that recent and projected official meetings between Japanese and NATO officials might be misinterpreted and went on to say that he believed Japan was systematically working toward a formal relationship with NATO. Similar sentiments were voiced by the Canadian and Norwegian permanent representatives.

Tine's remarks reflect a particular sensitivity to the negative consequences that might arise if the Soviets were to think that increasing Japanese-NATO contacts were ultimately aimed at the encirclement of the USSR. Tine may also have been voicing a traditional French objection to the freedom of the Secretary General to receive visitors and take action without prior consultation. He has played on this theme in the past--perhaps partly out of personal ambition. The French reaction may also point to an underlying suspicion that the United States is attempting to manipulate Japanese policy in order to expand NATO's commitment beyond the European region. [redacted] 25X1

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MBFR in Transition

The 16th round of the Vienna force reduction talks began last week with the Western countries ruminating on what to do about the current impasse in the negotiations. Although the Western Allies agree about the need to maintain pressure on the East to admit it has more forces in the reduction area than NATO does, differences exist about the degree of firmness that the West should manifest. Underlying these differences are more serious West European reservations about MBFR as a framework for conducting East-West detente in Europe.

The Setting

The MBFR talks have been in session for some four and a half years. From the start, the West has made parity--which, in view of Eastern numerical superiority, meant proportionately greater Soviet reductions--in the armed ground manpower of the two sides an important goal. Because of the importance of US troops both militarily, in the event of an attack, and politically, as a deterrent to an attempt to threaten or launch one, the West argued that reductions by the non-Soviet, non-US participants should follow agreement on initial US-Soviet reductions. Finally, in deference primarily to Bonn's desire not to be "decoupled" from the rest of the Alliance, the Allies asserted that, except for US and Soviet reductions, MBFR reductions and subsequent restrictions should be collective rather than national in character. In addition, the West sought to blunt the political and psychological effects both in Eastern Europe and the West of the preponderance of Pact forces and especially their offensive orientation, by calling for the withdrawal from Central Europe of an entire Soviet tank army.

At this point in the negotiations, the positions of the two sides are somewhat closer together than at the outset, primarily due to the impetus provided by modifications the West has made in its negotiating position. The Soviet response in June to the most recent

Western initiative was the most significant so far--and how to respond to it has become the subject of some controversy among Western participants.

The Current Impasse

In June, the East accepted the West's call for reductions to a common ceiling of 700,000 ground forces, and to a total of 900,000 ground and air forces, by each side. It also accepted the West's "mixed package" approach to equipment reductions. In this approach, which was added to the original Western position in late 1975, reductions and limitations on US tactical nuclear elements would be added to US troop cuts in exchange for initial reductions and restraints on Soviet tanks and ground forces. Finally, while the Soviet proposal kept intact the principle of ceilings on national forces, it made the terms of implementation more lenient.

The Western participants agree that these concessions of form and content have brought the two sides closer to a common framework for a force reduction agreement. But the Allies also recognize that these concessions do not yet satisfy important Western interests. For instance, while the East has accepted rough numerical parity--a position quite different from its earlier implicit defense of its military superiority--it has deprived this concession of much of its practical significance by claiming that approximate parity already exists. In a similar way, it has reduced the value of its acceptance of the Western offer to reduce some US nuclear elements in Europe by cutting the number of tanks and Soviet troops that would be reduced in return. Finally, the Soviet agreement to collective reductions as opposed to national ones contains some built-in constraints that have the effect of retaining the concept of national ceilings.

The West German Alternative

In this situation, some West Europeans have been especially vocal in maintaining the need for increased Western firmness to secure greater Eastern concessions. Italy, Belgium, and especially West Germany have argued that Western concessions have not brought an adequate Eastern response and that, considering its recent offers, the West has little flexibility left. These countries

also insist that the West's approach must take more account of its long-term security objectives rather than its short-term negotiating interests.

Consequently, at the trilateral meeting last month of the UK, US, and West Germany, Bonn's representatives argued that the West needed to adapt its procedural approach in Vienna to ensure freedom of maneuver for a long-term negotiating policy that kept the substance and aims of the Western negotiating position intact. Hence, Bonn suggested arguing that the West should focus on the East's claim that parity exists already by demonstrating through the selected use of Western data that there is a sound basis for claiming a numerical advantage for the Eastern forces. At the same time, the West Germans thought that Western negotiators should maintain the distinction between the two reduction phases by opposing the East's claim that arriving at parity between the forces of the two sides includes equal treatment of all participants concerning the scope, content, and timing of reductions. Finally, Bonn recommended that the West point out that agreement on other matters can be formalized only in connection with agreement on the data base.*

This emphasis at the negotiations on the meaning of parity, according to the West Germans, should be reinforced by efforts to highlight the issue publicly. Consequently, they proposed an attempt by the West to achieve an interim agreement that would formalize the positive results achieved thus far: the East's acceptance of parity under a common collective ceiling of 900,000 armed troops, a reduction in the tank disparity,

*The West German belief that the West has reached the outer limits of its negotiating flexibility was demonstrated at the recent trilateral meeting. The West Germans opposed tabling data even on Pact forces that included national force totals. And they objected to reclassifying West German Pershing forces as ground forces because this could affect, or draw attention to, parallel discussions of "grey area" systems. They argued that either the West should insist on reduction of the full complement of Soviet tanks or drop restrictions on the Pershing from the West's position, since the latter could be upgraded to offset the expansion of Soviet intermediate range capabilities. And recently they stressed the importance of getting the East to discuss first the size of Polish and Soviet ground forces in the reduction area--the forces about which there is greatest disagreement between East and West.

and two distinct negotiating phases. These results could then be tied to agreement on the "data base." The West Germans have suggested this agreement might mark the point of departure of actual negotiations on specific force reductions. They propose, however, that the force reduction phase could start with the discussion of CSCE confidence-building measures (which would involve territory of the western USSR) and MBFR stabilizing measures.

At the trilateral, the US and UK opposed the idea of an interim "summing up" on the grounds that it would have little appeal to the East and would be as difficult and time-consuming to negotiate as a final agreement. In terms of Alliance politics, however, the West German proposal seems an attempt to walk a middle line between UK Foreign Secretary Owen's proposal for a meeting of MBFR Foreign Ministers and French President Giscard d'Estaing's call for a European disarmament conference. Bonn's proposal, according to the West Germans, could be adopted at a meeting of MBFR Foreign Ministers, and like the French proposal, it would involve Soviet territory and begin with so-called confidence-building and stabilizing measures.

The West German approach might also be intended to provide the mechanism for getting both initiatives incorporated in an overall Western position. Discussion of the French proposal at NATO is now tentatively scheduled for 9 November, while the UK recently circulated a detailed version of its proposal for a meeting of Foreign Ministers.

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In any case, West German representatives have recently said they intend soon to round out Bonn's position by circulating papers on how to approach the Eastern countries on their position on the collective ceiling and the "mixed package" approach to equipment reductions.

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